

**State Budget Office
Office of Financial Management
Support Services Division
Internal Audit Program**

Direct Vouchers

Audit Objective

The purpose of this audit is to ensure compliance with established regulations, policies and procedures. Audit objectives are to review a sample of Direct Vouchers for proper approval, appropriate accompanying documentation, reasonableness and proper accounting.

Risk

The inherent risk in this area is that Direct Vouchers may be issued without proper authorization or with an incorrect amount. Direct Vouchers may also be used routinely for contract-based acquisitions without appropriate reference to a Blanket Purchase Order.

Audit Program Standards

This audit program is designed to document and obtain a sufficient understanding of relevant management controls in effect. Consideration should be given to any prior audit findings and whether corrective action has occurred. At the conclusion of fieldwork, all findings and recommendations for improvement should be documented.

General Description

Direct Vouchers are authorizations to pay for goods or services purchased from a vendor; do not require a Purchase Order; are generally used for amounts under \$2,500 without contractual obligations and for certain exempted purchases; and are used for direct payments to vendors, i.e., rent or utilities. Posted Direct Vouchers in ADPICS will create a voucher payable in R*STARS. Because there is no Purchase Order, there is no encumbrance to be liquidated in R*STARS.

Acquisitions of all commodities and services that are not under jurisdiction of Department of Civil Service, with a total cost of \$2,500 or less, may be exempted from provisions of the directive requiring a link between purchasing documents and related payments, if the commodity or service is not available on a contract issued by the Office of Purchasing for which a release document from a Blanket Purchase Order is required.

References

- http://www.michigan.gov/documents/CS3_28274_7.doc

Subject: New Statewide Policy and Procedure for Uniform Accounting and Reporting of Contractual Agreements and Related Expenditures-Policy Revision; Questions and Answers

- http://www.michigan.gov/documents/cs4_28275_7.doc

Subject: New Statewide Policy and Procedure for Uniform Accounting and Reporting of Contractual Agreements and Related Expenditures

- [Leon E. Hank memorandum dated September 7, 1999](#)

Subject: Increase in the Direct Voucher Threshold Related to the Uniform Accounting and Reporting for Contractual Agreements and Related Expenditures

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Test Sample

Obtain a test sample of direct voucher documents from Department of Management and Budget (DMB), Support Services Division. The initiated expenditure transactions can be extracted from ADPICS by using script ADP97AE2.CLS. The script will produce a file that is downloadable to Microsoft ACCESS. When performing the download, ascertain that all fields are appropriately delimited and defined. Write an ACCESS Query using the following criteria:

DOC Type not equal to DT
Voucher Type equal to D

The extracted query file may be exported as a tab format file to software capable of performing statistical analysis and sampling (AuditForce used ACL for this purpose). To select a sample, perform the following:

- Stratify the query file into high, medium and low dollar strata
- Select a sample from the high dollar strata
- Select a sample from medium and low dollar strata by applying random sampling techniques
- Reformat statistical samples to Microsoft EXCEL to produce sample listings
- Forward the sample listing to selected agencies for document retrieval

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Audit Program

	YES	NO	N/A	COMMENTS	WP
Determine if payments are for unique, non-recurring personal service arrangements, for which there is no purchasing document recorded in MAIN, and the department or agency determines that issuance of a purchasing document is not an appropriate practice.					
Determine if a system accumulates expenditure data associated with these specific transactions to fulfill the annual reporting requirements for contractual personnel.					
Determine if payments to vendors for these specified acquisitions, using an ADPICS Direct Voucher, did not have a reference to a blanket purchase order document.					
Determine that the department and agency did not divide the orders and/or payments to vendors only to qualify for this exclusion.					

Operational Audit Program

Verify the agency is not using Direct Vouchers for services that should be specifically authorized by Department of Civil Service. (Refer to audit program titled "Contracts for Personal Services" for additional audit procedures.)					
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Internal Approvals

Verify the agency has established an approval path for Direct Vouchers, which will route the document to appropriate department staff for review and authorization. Posting of the document will occur after the last person in the path has approved it.					
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Audit Program Conclusion

	YES	NO	N/A	COMMENTS	WP
Prepare a brief narrative summarizing audit findings and their implications to the department.					
Prepare a brief narrative describing recommendations for improvement.					
All audit review points have been discussed with the supervisor and incorporated into the final report.					

Prepared By: _____	Date _____ —
Reviewed By: _____	Date _____ —

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Control Points

	YES	NO	N/A	COMMENTS	WP
<p>3.1 Purchases Exempt From Contract Provisions</p> <p>Review selected items to ensure compliance with State policy and procedure. Determine if payments via Direct Voucher are acceptable uses without reference to a Blanket Purchase Order. Determine if the payment was for \$1,000 or less.(\$2,500 new limit).</p> <p>The following categories are exempt from the \$1,000 (\$2,500 new limit) rule:</p> <ul style="list-style-type: none"> ▪ Utilities ▪ Travel expenses ▪ Grants or assistance (paid without contractual restrictions) ▪ Postage, seminars, subscriptions, etc. (obtained without using a procurement card or a contract) ▪ Other miscellaneous financial transactions, i.e., those requiring an "FTR" commodity code that are paid without contractual restriction ▪ Procurement card and credit card purchases 					
<p>3.2 <u>Purchases under \$1,000 (\$2,500 new limit)</u></p> <p>Review compliance with procedures issued by Department of Civil Service and DMB-Acquisition Services regarding acquisition of all commodities and services that are not under the jurisdiction of the aforementioned agencies with a total cost exceeding \$1,000 (\$2,500 new limit).</p> <p>Verify compliance with procedures issued by Department of Civil Service and DMB-Acquisition Services regarding acquisition of all commodities and services that are under the jurisdiction of the aforementioned agencies with a total cost of \$1,000 (\$2,500 new limit) or less.</p> <p>Verify that payments were unique, non-recurring personal service arrangements (for which no purchasing document is recorded in MAIN) and the agency determined that issuance of a purchasing document was not an appropriate business practice.</p>					

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3.3 Create Direct Voucher in MAIN

	YES	NO	N/A	COMMENTS	WP
Key control points in this area: <ul style="list-style-type: none">• MAIN approval paths• Class profiles• System minimum information requirements Key control points of this section should be reviewed as part of either an audit of MAIN or approval routing paths.					

Audit Program Conclusion

Prepare a brief narrative summarizing audit findings and their implications to the department.					
Prepare a brief narrative describing recommendations for improvement.					
All audit review points have been discussed with the supervisor and incorporated into the final report.					

Prepared By: _____	Date _____ —
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